

RISING HEALTH COSTS IN AMERICA

A REPORT BY THE U.S. HOUSE OF REPRESENTATIVES ON THE STATE OF THE UNION 1991 CITIZEN ACTION

EMERGENCY!

Rising Health Costs in America 1980 - 1990 - 2000

A Families USA Foundation Report

in Cooperation with

Citizen Action

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Health care costs in the United States have risen dramatically, far outpacing economic growth, general inflation, and families' incomes. These spiraling health costs are creating an emergency -- a crisis of affordability for consumers, government, labor, and business. Families are paying more in premiums, deductibles and co-payments while often seeing their benefits shrink. Employers faced with double digit premium increases now find that health care costs consume nearly 94% of net profits.¹ Rising costs have also resulted in a growing number of Americans without adequate health coverage, or none at all.

This report examines the magnitude of the health care cost crisis by providing data on health spending and the uninsured during the 1980s and projections of what the United States will be spending by the end of the 1990s should the status quo continue in our health care system. Information on health care costs and numbers of uninsured are provided on a state-by-state and national basis. This is the first time state-based data on health care expenditures has been available since 1982, when the Health Care Financing Administration stopped providing it.

The magnitude of health care cost increases over the 1980s indicates why there is serious interest in health care reform. This interest has been increasing among both state and federal legislators.

THE 1980s: RISING COSTS

During the last decade, health care costs have risen at rates far exceeding the consumer price index. Between 1980 and 1989 the average annual increase in the consumer price index was 4.7%. Health care spending increases averaged 10.4% during this same period. An increasing portion of every family budget has been going to pay for health care since skyrocketing health costs have dwarfed wage increases. Annual earnings increased 4% per year, on average, since 1980.

National health care spending more than doubled between 1980 and 1990, jumping from \$230 billion to \$606 billion. American consumers pay directly for over 25% of this huge health care bill through out-of-pocket payments. Although many public and private health plans have responded to these cost increases with a variety of cost control initiatives, these efforts have been piecemeal and have not succeeded in holding down system-wide costs.

- ▼ Per capita spending increased 139% from 1980 to 1990, rising from \$1,016 to \$2,425 per person in 1990.
- ▼ From 1980 to 1990 overall health care spending in the United States more than doubled, increasing by 163%, from \$230 billion to \$606 billion.

- ▼ Spending for employer-based health insurance premiums increased 164% in the past decade, from \$66 billion to \$174 billion.
- ▼ An increasing portion of every family's budget is going to pay for health care as shown by the 157% rise in out-of-pocket spending from 1980 to 1990 (excluding the cost of employee premium contributions), from \$63 billion to \$162 billion.
- ▼ State government spending for Medicaid increased 156% between 1980 and 1990, from \$10.7 billion to \$27.4 billion.
- ▼ Massachusetts (\$3,031), California (\$2,894), New York (\$2,818), Nevada (\$2,757) and Rhode Island (\$2,707) have the highest levels of per capita health spending in 1990. South Carolina (\$1,689), Idaho (\$1,726), Mississippi (\$1,751), Wyoming (\$1,756) and Utah (\$1,784) have the lowest levels of per capita health spending in 1990.
- ▼ In Arizona (160.7%), Alaska (157.2%), Florida (152.3%), New Mexico (152.2%) and Maine (150%) per capita health expenditures increased at least 150% from 1980 to 1990.

Although all states experienced health care spending increases well above the consumer price index, there is high variation in spending among states. This variation is generally explained by the following kinds of factors: demographics (especially the proportion of a state's population that is either women of child-bearing age, or older men and women); the numbers of uninsured persons in a state (uninsured persons consume about one-third less health care than insured persons); the environmental conditions in a state (these can cause deteriorating health); the number and type of health care facilities and providers in a state (this will cause individuals to travel into or out of a state to get health care); the practice patterns of providers in state (the use of hospital inpatient care and surgical procedures varies greatly among geographic areas), and historical levels of spending in a state.

THE 1980s: DECLINING ACCESS

Dramatic increases in health care spending have not resulted in more Americans having access to better care. Despite the high price tag of our health care system, millions of Americans are without any health insurance, public or private. The number of uninsured Americans has grown during the 1980s.² State-by-state data on

numbers of uninsured persons show variation in the growth or decline of uninsured persons. Reasons for this state variation are diverse. In some instances, an aging population means that a growing portion of the state's residents have become eligible for Medicare. The composition of a state's economy can also influence the number of uninsured, as particular industries are more or less likely to offer employer coverage. Other factors, such as a state's Medicaid eligibility level, income levels, and economic well-being, also influence the number of uninsured.

- ▼ Over 13% of Americans, almost 32 million, were uninsured on any given day in 1988.
- ▼ The number of uninsured Americans has increased 30%, from 24.5 million persons in 1980 to 31.8 million persons in 1988 (the most recent year for which published statistics are available).
- ▼ 28% of U.S. residents, 63 million people, lacked health insurance for at least a month during the 28 month period ending May 1987, according to the Census Bureau.
- ▼ New Mexico (22.8%), Arkansas (21.8%), Texas (21.4%), Florida (18.4%), Oklahoma (18%), Mississippi (17.9%), Arizona (17.7%), Nevada (17.3%), Louisiana (17.3%) and California (17.2%) had the highest percentages of uninsured persons as of 1988.
- ▼ Nevada (86.7%), Kentucky (68.9%), Florida (62%), Texas (59.5%) California (57.7%), Alaska (57.2%), and Oregon (52.6%) all saw the number of uninsured persons in the state increase by more than 50% from 1980 to 1988.

Who are these uninsured persons? Young adults are the most likely to lack insurance. Twenty-seven percent of persons 18-24 lack insurance.³ These are individuals who are likely to be in entry-level jobs and to be too old to qualify as dependents of other family members. Twenty-eight percent of the uninsured are children. Forty-two percent of the nation's uninsured live in the South.

Five out of eight uninsured persons are employed or are dependents of employed persons. Just over half of uninsured workers are employed by firms with less than 25 employees.

Why has the number of uninsured persons increased? One of the major reasons is a reduction in the number of individuals and their families covered by employment-

related insurance. In recent years there has been an increase in the number of persons employed in businesses that don't offer health insurance, or offer inadequate or unaffordable insurance.⁴

Health care inflation and competition in the small group insurance market have combined to make health insurance increasingly unaffordable for small businesses, their employees and their dependents. In order to hold premiums and benefit payments down and attract customers, insurers have been engaging in a number of practices that have had the effect of increasing the number of uninsured, or underinsured persons, who work in small businesses or are dependents of these workers. These practices include: denying coverage to certain, high-risk individuals within small groups; denying coverage to entire small groups considered to be high risk; and denying coverage for pre-existing conditions, such as diabetes or asthma.⁵

Analysis of the nonelderly population shows that an additional 13 percent of the nonelderly, 20 million persons, are underinsured -- at risk of spending more than 10 percent of their income on health care.⁶ Since the elderly spend an estimated 18% of their incomes on health care on average, including the elderly would add many millions to the number of underinsured.⁷

When small businesses do get insurance, the insurance companies establish the premiums based on "experience-rating" -- the practice of basing premiums solely on the experience of the specific group, rather than establishing a "community-rating" for the larger community as a whole. Premiums set on the basis of experience-rating, rather than community rating, are more unstable and rise quickly.

One of the ways employers have responded to escalating premiums is by charging employees a greater share of the premiums. The percentage of employees paying \$100 or more a month for family health insurance rose from 5 percent in 1986 to 16 percent in 1988. Average employee payments for individual coverage rose 32 percent between 1988 and 1989.⁸ These increased cost demands on employees result in employees, especially low-wage employees, declining health insurance because it is unaffordable.

A vicious cycle of higher costs and declining access was set in motion during the 1980s. Uninsured persons often forego cost effective preventive care and, when they seek care, do so at costly hospital emergency rooms instead of physicians' offices. To cover the cost of treating the uninsured, hospitals raise their rates to privately-insured patients and insurance premiums go up. Cost-shifting due to uncompensated care and the lack of insurance offered by some employers accounts for approximately

27% of employer health care costs. In the face of rising premiums, more employers chose not to offer coverage at all, ultimately increasing the costs of coverage for those who remain insured.

THE 1990s: A \$1.5 TRILLION ANNUAL HEALTH CARE BILL

The huge increase in outlays for health care during the 1980s pales in comparison to what this country will spend by the year 2000 should the status quo continue with our health care system. Absent fundamental change, consumers, employers and governments can expect a \$1.47 trillion annual health care bill by the year 2000.

- ▼ By 2000, health care spending will rise to \$5,515 per person, an increase of 443% from 1980.
- ▼ From 1980 to 2000, overall health care spending will be six and one-half times higher.
- ▼ Employers and employees will have to absorb a 529% increase from 1980 to 2000, from \$66 billion to \$412 billion for employer-based health coverage.
- ▼ Families will experience a 512% increase in out-of-pocket health care costs between 1980 and 2000, from \$63 billion to \$386 billion, not counting the employee share of health insurance premiums.
- ▼ By the year 2000, state governments can expect to see a 480% increase in Medicaid expenditures, from 1980 spending levels of \$11 billion to \$62 billion in 2000.
- ▼ In the 1980-2000 period, per capita spending will increase fastest in Arizona (493%), Alaska (485%), New Mexico (473.9%), Florida (473.7%), Maine (468.5%), North Dakota (467.6%) and Washington (466%).

Clearly, health care spending of the magnitude described above presents a crisis of affordability for every family, for the American economy, and for government. The data in this report illustrates the need for fundamental reform of our health care system. Unless the United States takes bold action now, all Americans will suffer a declining standard of health care and a declining standard of living as a result of the increasing burden of health care costs.

ENDNOTES

1. Katherine R. Levit, Mark S. Freeland and Daniel Waldo, "Health spending and ability to pay: Business, individuals and government," **Health Care Financing Review**, Spring 1989, p. 9.
2. The estimates in this report are based on the most recent data from the Census Bureau. These estimates, 31.8 million persons nationally, are lower than previous estimates of approximately 37 million uninsured persons because the Census Bureau now asks if uninsured persons are covered by insurance from someone not living in the household, e.g. a noncustodial parent.
3. Unless otherwise noted, data are the results of analysis by Lewin/ICF, Inc.
4. See **A Call for Action**, The Pepper Commission, The U.S. Bipartisan Commission on Comprehensive Health Care, Final Report, September 1990, p. 23-6.
5. These practices are described in "The Crisis in Health Insurance," **Consumer Reports**, August 1990, p. 533-7.
6. Jack Needleman, Judith Arnold, John Sheils and Lawrence S. Lewin, "The Health Care Financing System and the Uninsured," submitted to the Office of Research, Health Care Financing Administration, Department of Health and Human Services, April 4, 1990. The Joint Economic Committee estimates the number of the underinsured at 70 million. See **Medical Alert**, a staff report of the Subcommittee on Education and Health of the Joint Economic Committee, October 1989.
7. Committee Analysis, Select Committee on Aging, U.S. House of Representatives, October 26, 1988.
8. United States Department of Labor, Bureau of Labor Statistics, **News**, (Washington, D.C., USDL 90-160, March 30, 1990).

Table 1
PER CAPITA HEALTH SPENDING
1980 - 2000

STATE	1980	% Change		% Change Rank	% Change	
		1990	1980-1990		2000	1980-2000
ALABAMA	924	2,286	147.4%	13	5,201	462.8%
ALASKA	921	2,367	157.2%	2	5,390	485.5%
ARIZONA	848	2,211	160.7%	1	5,031	493.0%
ARKANSAS	844	1,944	130.4%	46	4,423	424.1%
CALIFORNIA	1,186	2,894	143.9%	17	6,584	454.9%
COLORADO	996	2,415	142.5%	20	5,496	451.8%
CONNECTICUT	1,148	2,699	135.2%	39	6,136	434.7%
DELAWARE	960	2,268	136.3%	36	5,160	437.6%
DISTRICT OF COLUMBIA	1,241	2,586	108.4%	51	5,882	374.1%
FLORIDA	962	2,427	152.3%	3	5,520	473.7%
GEORGIA	883	2,072	134.7%	40	4,714	434.0%
HAWAII	993	2,469	148.5%	9	5,619	465.6%
IDAHO	708	1,726	143.9%	18	3,928	455.0%
ILLINOIS	1,093	2,619	139.6%	29	5,953	444.6%
INDIANA	919	2,201	139.4%	30	5,004	444.3%
IOWA	993	2,351	136.6%	35	5,343	437.9%
KANSAS	1,057	2,548	141.1%	22	5,792	448.0%
KENTUCKY	806	1,875	132.5%	43	4,266	429.1%
LOUISIANA	940	2,185	132.4%	44	4,972	428.9%
MAINE	870	2,175	150.0%	5	4,945	468.5%
MARYLAND	1,041	2,436	134.1%	42	5,541	432.5%
MASSACHUSETTS	1,284	3,031	136.0%	38	6,890	436.5%
MICHIGAN	1,097	2,569	134.3%	41	5,840	432.5%
MINNESOTA	1,110	2,480	123.4%	49	5,641	408.1%
MISSISSIPPI	759	1,751	130.6%	45	3,984	424.6%
MISSOURI	1,033	2,568	148.6%	8	5,837	465.1%
MONTANA	859	2,059	139.7%	27	4,686	445.6%
NEBRASKA	1,016	2,452	141.4%	21	5,576	448.8%
NEVADA	1,109	2,757	148.5%	10	6,272	465.3%
NEW HAMPSHIRE	813	1,981	143.6%	19	4,505	453.8%
NEW JERSEY	930	2,224	139.2%	32	5,056	443.8%
NEW MEXICO	711	1,792	152.2%	4	4,078	473.9%
NEW YORK	1,257	2,818	124.2%	48	6,408	409.8%
NORTH CAROLINA	773	1,833	137.1%	34	4,170	439.5%
NORTH DAKOTA	1,066	2,661	149.7%	6	6,051	467.6%
OHIO	1,039	2,493	140.0%	26	5,667	445.6%
OKLAHOMA	906	2,139	136.2%	37	4,867	437.3%
OREGON	940	2,312	146.0%	15	5,260	459.8%
PENNSYLVANIA	1,021	2,536	148.3%	11	5,763	464.2%
RHODE ISLAND	1,184	2,707	128.6%	47	6,153	419.7%
SOUTH CAROLINA	706	1,689	139.2%	31	3,842	444.4%
SOUTH DAKOTA	952	2,322	144.0%	16	5,278	454.7%
TENNESSEE	952	2,262	137.7%	33	5,145	440.8%
TEXAS	915	2,192	139.7%	28	4,987	445.3%
UTAH	741	1,784	140.8%	23	4,062	448.0%
VERMONT	815	1,956	140.1%	25	4,448	445.9%
VIRGINIA	863	2,076	140.5%	24	4,724	447.2%
WASHINGTON	929	2,311	148.7%	7	5,258	466.0%
WEST VIRGINIA	843	2,088	147.6%	12	4,752	463.4%
WISCONSIN	1,097	2,449	123.2%	50	5,567	407.3%
WYOMING	714	1,756	146.1%	14	3,996	460.0%
TOTAL	\$1,016	\$2,425	138.7%		\$5,515	442.8%

SOURCE: Lewin/ICF estimates

Table 2

TOTAL HEALTH SPENDING

1980 - 2000

(in thousands of dollars)

STATE	1980	% Change		Rank	% Change	
		1990	1980-1990		2000	1980-2000
ALABAMA	3,598,838	9,522,402	164.6%	21	22,667,039	529.8%
ALASKA	370,082	1,242,929	235.9%	3	3,228,864	772.5%
ARIZONA	2,305,619	8,105,810	251.6%	1	23,306,832	910.9%
ARKANSAS	1,929,340	4,706,750	144.0%	37	11,097,073	475.2%
CALIFORNIA	28,080,581	84,754,469	201.8%	5	223,595,772	696.3%
COLORADO	2,878,913	8,045,268	179.5%	14	18,819,641	553.7%
CONNECTICUT	3,566,669	8,815,808	147.2%	32	20,996,403	488.7%
DELAWARE	570,197	1,547,100	171.3%	17	4,138,620	625.8%
DISTRICT OF COLUMBIA	791,551	1,559,131	97.0%	51	3,500,076	342.2%
FLORIDA	9,376,859	31,411,102	235.0%	4	90,060,126	860.5%
GEORGIA	4,822,254	13,669,245	183.5%	12	37,733,919	682.5%
HAWAII	958,674	2,797,343	191.8%	8	7,653,634	698.4%
IDAHO	668,050	1,748,435	161.7%	24	3,959,138	492.6%
ILLINOIS	12,489,958	30,597,883	145.0%	35	69,779,254	458.7%
INDIANA	5,047,369	12,362,662	144.9%	36	28,504,460	464.7%
IOWA	2,894,898	6,615,476	128.5%	49	13,620,316	370.5%
KANSAS	2,498,938	6,426,779	157.2%	26	14,677,643	487.4%
KENTUCKY	2,951,766	7,021,825	137.9%	45	15,737,895	433.2%
LOUISIANA	3,954,402	9,545,115	141.4%	42	20,590,574	420.7%
MAINE	978,536	2,687,926	174.7%	15	6,645,638	579.1%
MARYLAND	4,388,016	11,627,792	165.0%	20	31,074,629	608.2%
MASSACHUSETTS	7,367,870	17,947,477	143.6%	38	42,436,773	476.0%
MICHIGAN	10,158,071	23,874,781	135.0%	46	54,691,321	438.4%
MINNESOTA	4,525,259	10,857,061	139.9%	44	25,755,773	469.2%
MISSISSIPPI	1,914,580	4,638,528	142.3%	41	11,044,767	476.9%
MISSOURI	5,079,283	13,373,361	163.3%	23	31,946,064	528.9%
MONTANA	676,015	1,641,223	142.8%	39	3,486,657	415.8%
NEBRASKA	1,595,143	3,933,640	146.6%	33	8,580,707	437.9%
NEVADA	887,542	3,115,213	251.0%	2	8,837,119	895.7%
NEW HAMPSHIRE	749,188	2,258,658	201.5%	6	6,351,711	747.8%
NEW JERSEY	6,848,103	17,368,763	153.6%	27	42,383,428	518.9%
NEW MEXICO	925,932	2,757,688	197.8%	7	7,076,082	664.2%
NEW YORK	22,066,936	50,354,750	128.2%	50	115,121,894	421.7%
NORTH CAROLINA	4,546,873	12,259,381	169.6%	18	32,183,511	607.8%
NORTH DAKOTA	696,115	1,751,185	151.6%	30	3,606,280	418.1%
OHIO	11,215,407	27,193,403	142.5%	40	61,941,308	452.3%
OKLAHOMA	2,740,188	6,824,669	149.1%	31	14,200,334	419.4%
OREGON	2,474,037	6,523,595	163.7%	22	15,269,105	517.2%
PENNSYLVANIA	12,117,790	30,541,650	152.0%	29	69,555,852	474.0%
RHODE ISLAND	1,121,337	2,701,187	140.9%	43	6,448,659	475.1%
SOUTH CAROLINA	2,203,405	6,011,186	172.8%	16	15,222,478	590.9%
SOUTH DAKOTA	657,535	1,662,251	152.8%	28	3,773,731	473.9%
TENNESSEE	4,368,396	11,328,956	159.3%	25	27,908,735	538.9%
TEXAS	13,012,429	37,380,724	187.3%	10	88,910,873	583.3%
UTAH	1,082,735	3,085,385	185.0%	11	7,493,526	592.1%
VERMONT	416,395	1,117,014	168.3%	19	2,753,403	561.2%
VIRGINIA	4,615,580	12,931,845	180.2%	13	34,364,026	644.5%
WASHINGTON	3,838,548	11,084,596	188.8%	9	27,295,859	611.1%
WEST VIRGINIA	1,644,557	3,846,712	133.9%	47	7,844,814	377.0%
WISCONSIN	5,164,568	11,980,357	132.0%	48	26,967,967	422.2%
WYOMING	335,414	821,858	145.0%	34	1,634,546	387.3%
TOTAL	\$230,166,741	\$605,978,347	163.3%		\$1,476,507,197	541.5%

SOURCE: Lewin/ICF estimates

Table 3a

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 1980 ^{a/}
(Dollars in thousands)

STATE	OUT OF POCKET b/	EMPLOYER- SPONSORED	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL	PER CAPITA COST
					STATE	FEDERAL				
ALABAMA	1,137,579	756,469	186,631	44,044	77,669	193,143	551,715	651,587	3,598,838	924
ALASKA	88,948	121,467	7,286	6,155	13,720	13,720	17,773	101,013	370,082	921
ARIZONA	582,995	698,587	72,743	36,635	NA	NA	328,804	585,855	2,305,619	848
ARKANSAS	582,892	369,379	86,883	23,012	65,441	175,772	300,778	325,184	1,929,340	844
CALIFORNIA	6,111,415	7,281,598	710,178	370,271	1,401,953	1,401,953	4,164,002	6,639,211	28,080,581	1,186
COLORADO	695,272	903,532	74,885	43,390	87,470	99,272	302,454	642,638	2,878,913	996
CONNECTICUT	1,026,949	1,228,813	238,910	43,829	179,702	179,702	611,034	57,729	3,566,669	1,148
DELAWARE	168,160	136,750	28,466	5,787	23,279	23,279	87,529	96,949	570,197	960
DISTRICT OF COLUMBIA	168,707	123,705	28,275	6,661	86,588	86,588	148,616	142,410	791,551	1,241
FLORIDA	2,814,989	1,778,637	478,882	96,866	165,422	237,456	2,153,010	1,651,597	9,376,859	962
GEORGIA	1,499,191	1,132,191	233,268	54,378	157,967	317,264	614,594	813,100	4,022,254	883
HAWAII	217,889	277,774	24,639	12,659	49,435	49,435	92,413	234,429	958,674	993
IDaho	157,700	192,682	18,680	9,176	18,331	35,112	63,928	172,443	668,050	708
ILLINOIS	3,400,615	4,201,372	906,180	222,739	612,487	612,487	2,339,686	194,392	12,489,958	1,093
INDIANA	1,497,890	1,605,812	411,938	97,491	155,513	208,516	754,790	115,419	5,047,369	919
IOWA	817,145	979,140	238,551	51,426	102,750	133,838	486,426	85,621	2,894,898	993
KANSAS	674,088	798,112	204,462	42,979	96,399	111,000	443,405	130,491	2,498,938	1,057
KENTUCKY	945,732	738,292	161,148	31,508	97,004	206,798	397,782	373,522	2,951,768	808
LOUISIANA	1,198,552	880,118	196,340	40,451	133,052	293,670	470,671	741,550	3,954,402	940
MAINE	284,943	280,438	77,439	13,382	41,117	93,826	179,001	8,389	978,536	870
MARYLAND	1,288,977	1,149,042	211,012	46,508	184,234	164,234	698,873	687,138	4,388,018	1,041
MASSACHUSETTS	1,961,516	2,207,911	437,648	88,910	500,501	536,807	1,529,777	104,800	7,367,870	1,284
MICHIGAN	2,648,628	3,441,020	718,157	159,462	550,719	550,719	1,771,676	317,690	10,158,071	1,097
MINNESOTA	1,243,181	1,498,322	361,198	83,258	269,169	337,614	704,635	27,881	4,525,259	1,110
MISSISSIPPI	619,332	410,989	0	23,326	48,684	168,171	281,274	262,076	1,914,580	759
MISSOURI	1,482,558	1,652,437	436,857	98,288	120,224	183,065	1,006,024	99,831	5,079,283	1,033
MONTANA	158,707	182,422	19,068	9,501	22,871	41,158	73,442	168,847	676,015	859
NEBRASKA	469,733	532,375	134,464	30,893	47,389	64,430	260,572	55,287	1,595,143	1,016
NEVADA	202,680	261,305	22,759	12,294	23,073	23,073	112,798	229,561	887,542	1,109
NEW HAMPSHIRE	227,069	260,611	53,749	9,906	26,738	45,157	107,879	16,078	749,188	813
NEW JERSEY	1,907,217	2,381,168	458,158	85,935	388,438	388,438	1,146,073	92,675	6,848,103	930
NEW MEXICO	228,583	248,079	25,581	14,441	22,376	49,875	91,184	247,833	925,932	711
NEW YORK	5,502,085	6,045,460	1,304,282	248,347	2,334,327	2,334,327	4,012,129	285,980	22,066,936	1,257
NORTH CAROLINA	1,443,008	1,106,169	227,200	52,419	133,398	278,833	576,692	729,155	4,546,873	773
NORTH DAKOTA	199,350	223,808	59,960	13,989	18,626	29,678	120,945	29,759	696,115	1,068
OHIO	3,218,536	4,009,617	954,293	190,723	373,505	458,355	1,818,967	191,410	11,215,407	1,039
OKLAHOMA	840,211	581,953	139,726	28,583	99,177	173,587	433,308	443,642	2,740,188	906
OREGON	558,453	705,573	68,503	33,498	81,525	102,339	319,286	604,859	2,474,037	940
PENNSYLVANIA	3,486,617	3,967,694	860,052	161,365	487,881	599,683	2,385,775	168,722	12,117,790	1,021
RHODE ISLAND	291,130	358,994	72,062	12,411	69,551	95,300	204,278	17,604	1,121,337	1,184
SOUTH CAROLINA	683,690	437,942	95,613	25,117	77,334	189,059	230,513	484,138	2,203,405	706
SOUTH DAKOTA	202,638	199,249	58,778	15,537	17,615	38,808	99,529	25,381	657,535	952
TENNESSEE	1,377,091	1,036,889	226,380	45,904	119,232	270,798	629,945	692,156	4,368,396	952
TEXAS	4,244,744	3,070,355	632,707	159,455	419,882	588,238	1,878,299	2,018,750	13,012,429	915
UTAH	261,640	347,150	28,870	14,937	26,122	55,687	79,516	268,814	1,082,735	741
VERMONT	119,592	133,426	29,474	5,360	19,259	41,687	63,594	4,002	416,395	815
VIRGINIA	1,402,784	1,123,908	234,835	46,655	160,351	208,611	593,161	845,275	4,615,580	863
WASHINGTON	852,112	1,071,822	99,177	52,104	169,065	169,065	400,188	1,025,015	3,838,548	929
WEST VIRGINIA	551,141	396,291	89,965	18,220	34,764	71,711	252,528	229,937	1,644,557	843
WISCONSIN	1,349,249	1,765,318	391,282	78,758	298,468	408,568	822,555	52,372	5,164,568	1,097
WYOMING	78,091	108,783	8,364	4,876	7,400	7,400	32,597	87,905	335,414	714
TOTAL	\$63,149,984	\$65,626,952	\$12,948,686	\$3,123,818	\$10,697,196	\$13,147,306	\$37,245,701	\$24,228,100	\$230,166,741	\$1,016

^{a/} Includes personal health expenditures and administrative costs

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates

Table 3b

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 1990 a/

(Dollars in thousands)

STATE	OUT OF POCKET b/	EMPLOYER- SPONSORED	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL	PER CAPITA COST
					STATE	FEDERAL				
ALABAMA	2,814,760	2,012,389	416,532	101,765	183,013	425,482	1,932,643	1,655,817	9,522,402	2,286
ALASKA	329,687	427,212	29,864	24,057	80,360	60,380	80,357	231,034	1,242,929	2,367
ARIZONA	1,972,363	2,379,617	240,866	137,174	222,669	367,652	1,367,192	1,418,276	8,105,810	2,211
ARKANSAS	1,449,372	892,449	198,921	57,525	103,797	292,830	990,607	721,250	4,706,750	1,944
CALIFORNIA	20,379,570	25,640,378	2,335,173	1,471,282	3,574,078	3,574,078	14,853,732	12,926,177	84,754,469	2,894
COLORADO	2,097,807	2,670,571	263,730	139,260	304,439	304,439	969,276	1,295,747	8,045,268	2,415
CONNECTICUT	2,278,555	3,303,221	432,925	92,800	514,939	514,939	1,578,669	99,760	8,815,808	2,699
DELAWARE	454,368	365,183	70,128	14,539	66,058	66,058	291,765	218,999	1,547,100	2,268
DISTRICT OF COLUMBIA	318,981	240,188	50,262	11,191	182,516	182,516	344,860	228,617	1,559,131	2,586
FLORIDA	9,375,203	6,218,476	1,396,790	322,360	878,583	1,125,484	8,083,807	4,010,599	31,411,102	2,427
GEORGIA	3,964,313	3,041,590	570,638	124,588	489,424	952,179	2,224,539	2,301,976	13,669,245	2,072
HAWAII	697,628	966,101	96,984	48,022	102,084	106,251	295,352	484,921	2,797,343	2,469
IDAHO	440,614	525,464	53,196	28,236	48,179	109,063	238,416	305,267	1,748,435	1,726
ILLINOIS	8,208,698	10,348,102	1,806,653	532,709	1,231,633	1,231,633	6,719,023	519,434	30,597,863	2,619
INDIANA	3,382,637	3,988,394	816,531	228,316	481,451	813,468	2,204,733	447,133	12,362,662	2,201
IOWA	1,634,062	2,218,841	448,816	115,314	247,922	355,295	1,345,939	49,286	6,615,478	2,351
KANSAS	1,772,719	2,218,335	415,790	100,640	220,379	220,379	1,287,848	190,689	6,426,779	2,548
KENTUCKY	1,947,743	1,418,857	270,882	67,343	254,106	599,458	1,233,765	1,229,672	7,021,825	1,875
LOUISIANA	2,547,782	1,822,033	352,995	96,280	345,188	608,634	1,741,606	2,030,597	9,545,115	2,185
MAINE	689,728	882,374	149,985	29,898	128,635	284,450	460,731	62,124	2,687,926	2,175
MARYLAND	3,169,204	2,674,955	464,561	99,774	541,404	541,404	2,178,431	1,958,060	11,627,792	2,436
MASSACHUSETTS	4,443,792	6,173,324	748,868	195,223	1,239,474	1,239,474	3,627,313	280,008	17,947,477	3,031
MICHIGAN	6,085,418	7,977,976	1,391,031	372,097	1,001,888	1,316,760	5,159,240	570,371	23,874,781	2,569
MINNESOTA	3,032,352	4,004,588	672,128	180,038	659,661	756,225	1,408,019	144,050	10,857,061	2,480
MISSISSIPPI	1,319,921	849,242	177,033	51,154	111,948	406,809	827,081	895,339	4,638,528	1,751
MISSOURI	3,643,381	4,398,101	845,312	224,843	355,821	547,736	3,055,508	302,658	13,373,361	2,568
MONTANA	383,483	438,546	46,226	25,273	57,205	112,948	241,279	336,263	1,641,223	2,059
NEBRASKA	1,132,890	1,361,739	285,541	70,028	128,525	171,137	668,770	115,011	3,933,640	2,452
NEVADA	807,751	1,033,508	98,602	56,825	71,592	71,592	488,336	487,008	3,115,213	2,757
NEW HAMPSHIRE	681,915	799,660	107,811	33,381	97,629	118,939	370,959	48,364	2,258,658	1,981
NEW JERSEY	4,545,827	6,011,019	741,459	200,122	1,042,327	1,042,327	3,501,694	283,989	17,368,763	2,224
NEW MEXICO	705,891	728,428	82,220	49,896	87,401	193,993	344,985	564,873	2,757,688	1,792
NEW YORK	11,740,861	14,346,795	2,020,635	569,890	5,288,300	5,288,300	10,274,890	825,078	50,354,750	2,818
NORTH CAROLINA	3,806,151	2,855,434	567,966	130,692	378,718	850,088	1,957,921	1,712,411	12,259,381	1,833
NORTH DAKOTA	442,809	540,478	111,059	26,699	86,967	106,809	350,419	85,946	1,751,185	2,661
OHIO	6,966,974	8,754,357	1,645,671	429,028	1,244,280	1,739,605	5,855,967	557,522	27,193,403	2,493
OKLAHOMA	2,026,546	1,379,606	286,712	76,027	294,947	400,683	1,278,850	1,081,298	6,824,669	2,139
OREGON	1,657,140	2,007,536	207,895	110,855	171,845	274,649	986,919	1,106,958	6,523,595	2,312
PENNSYLVANIA	7,993,087	9,580,155	1,597,413	365,577	1,248,011	1,635,563	7,746,007	375,838	30,541,650	2,536
RHODE ISLAND	704,349	853,513	135,007	30,385	173,508	223,809	531,629	48,987	2,701,187	2,707
SOUTH CAROLINA	1,809,718	1,401,609	269,561	63,523	160,028	426,154	889,168	991,426	6,011,186	1,689
SOUTH DAKOTA	469,323	532,487	106,789	30,642	51,119	107,733	320,442	43,718	1,662,251	2,322
TENNESSEE	3,284,049	2,365,982	493,952	110,504	341,451	804,357	2,185,966	1,742,697	11,328,956	2,262
TEXAS	11,992,115	8,477,215	1,555,624	465,330	1,145,085	1,320,848	6,584,259	5,840,450	37,380,724	2,192
UTAH	777,209	1,095,590	80,021	51,752	65,019	172,449	318,164	525,181	3,085,385	1,784
VERMONT	323,043	381,043	64,236	13,292	47,486	96,673	172,612	18,629	1,117,014	1,956
VIRGINIA	3,886,531	3,123,031	569,665	128,548	469,473	532,390	2,061,361	2,160,846	12,931,845	2,076
WASHINGTON	2,613,628	3,346,969	321,777	188,957	587,419	588,783	1,558,885	1,918,178	11,084,596	2,311
WEST VIRGINIA	1,096,107	714,758	170,355	34,436	103,791	260,771	720,922	743,573	3,846,712	2,088
WISCONSIN	3,112,443	4,068,108	754,732	166,623	526,448	713,420	2,258,999	379,584	11,980,357	2,449
WYOMING	206,156	269,578	26,328	13,994	18,865	19,865	107,370	158,705	621,858	1,756
TOTAL	\$161,818,653	\$174,125,101	\$27,063,851	\$8,308,703	\$27,397,885	\$34,256,736	\$116,277,024	\$56,730,394	\$605,978,347	\$2,425

a/ Includes personal health expenditures and administrative costs.

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates.

Table 3c

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 2000 a/

(Dollars in thousands)

[Dollars in thousands]											
STATE	OUT OF POCKET b/	EMPLOYER-	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL	COST	
		SPONSORED			STATE	FEDERAL					
ALABAMA	6,587,653	4,706,531	976,883	267,896	367,825	960,063	5,375,234	3,424,954	22,667,039	5,201	
ALASKA	865,699	1,121,008	78,581	71,054	152,806	152,806	250,751	536,159	3,228,864	5,390	
ARIZONA	5,610,602	6,764,398	686,598	438,907	610,678	1,008,299	4,621,770	3,565,631	23,306,882	5,031	
ARKANSAS	3,349,186	2,060,831	460,622	149,517	231,246	652,384	2,720,302	1,472,984	11,097,073	4,423	
CALIFORNIA	53,007,530	66,644,841	6,086,483	4,304,439	8,962,640	8,962,640	45,912,880	29,714,318	223,595,772	6,584	
COLORADO	4,891,263	6,222,417	616,198	365,225	684,360	684,360	2,685,710	2,670,108	18,819,641	5,496	
CONNECTICUT	5,271,870	7,637,346	1,003,744	241,508	1,148,656	1,148,656	4,340,630	203,993	20,996,403	6,136	
DELAWARE	1,195,017	959,790	184,826	43,011	167,503	167,503	911,917	509,052	4,138,620	5,160	
DISTRICT OF COLUMBIA	704,048	529,771	111,169	27,784	388,391	388,391	904,558	445,965	3,500,076	5,882	
FLORIDA	26,031,662	17,254,594	3,886,487	1,006,793	2,351,978	3,012,935	26,673,673	9,842,004	90,060,126	5,520	
GEORGIA	10,852,590	8,320,811	1,565,419	383,629	1,291,755	2,513,120	7,237,055	5,569,541	37,733,919	4,714	
HAWAII	1,910,550	2,643,972	268,159	147,929	269,540	280,542	961,238	1,173,704	7,853,634	5,619	
IDAHO	993,703	1,184,244	120,221	71,628	104,758	237,141	638,985	608,459	3,959,138	3,928	
ILLINOIS	18,024,960	22,707,029	3,975,387	1,315,734	2,607,418	2,607,418	17,533,255	1,008,052	69,779,254	5,953	
INDIANA	7,587,956	8,940,606	1,835,468	576,081	1,041,239	1,759,296	5,877,353	886,461	28,504,460	5,004	
IOWA	3,643,891	4,405,316	893,561	257,698	474,894	680,566	3,177,848	86,542	13,620,316	5,343	
KANSAS	3,916,623	4,897,773	920,558	250,103	469,432	469,432	3,381,372	372,350	14,677,643	5,792	
KENTUCKY	4,324,250	3,147,873	602,648	168,169	543,906	1,283,120	3,255,126	2,412,801	15,737,895	4,266	
LOUISIANA	5,456,366	3,899,393	757,556	231,930	712,733	1,256,667	4,432,487	3,843,422	20,590,574	4,972	
MAINE	1,663,097	2,126,142	362,405	81,089	299,039	661,265	1,320,211	132,390	6,645,638	4,945	
MARYLAND	8,357,706	7,049,413	1,227,679	295,958	1,376,536	1,376,536	6,827,112	4,563,688	31,074,629	5,541	
MASSACHUSETTS	10,176,490	14,127,420	1,718,518	502,888	2,736,599	2,736,599	9,871,559	586,719	42,436,773	6,890	
MICHIGAN	13,452,126	17,623,526	3,081,357	925,199	2,135,251	2,806,318	13,553,224	1,114,322	54,691,321	5,840	
MINNESOTA	7,051,420	9,305,816	1,566,223	470,911	1,478,930	1,695,420	3,891,005	296,049	25,755,773	5,641	
MISSISSIPPI	3,116,442	2,003,742	418,860	135,852	254,833	926,041	2,320,679	1,868,319	11,044,767	3,984	
MISSOURI	8,368,592	10,095,144	1,945,672	580,906	787,968	1,212,966	6,340,413	614,402	31,946,684	5,837	
MONTANA	813,087	929,192	98,216	60,273	116,938	230,886	607,947	630,119	3,486,657	4,686	
NEBRASKA	2,403,868	2,887,461	607,149	167,136	262,930	350,103	1,886,381	215,683	8,580,707	5,576	
NEVADA	2,264,610	2,895,540	277,016	179,199	193,513	193,513	1,627,012	1,206,717	8,837,119	6,272	
NEW HAMPSHIRE	1,867,766	2,188,757	295,910	102,842	257,810	314,084	1,207,467	117,076	6,351,711	4,505	
NEW JERSEY	10,737,775	14,188,913	1,755,065	531,709	2,373,749	2,373,749	9,829,603	592,866	42,383,426	5,056	
NEW MEXICO	1,814,472	1,871,107	211,785	144,264	216,800	480,760	1,053,827	1,283,286	7,076,082	4,078	
NEW YORK	26,052,821	31,813,339	4,493,114	1,422,407	11,313,586	11,313,586	27,094,950	1,818,092	115,121,894	6,408	
NORTH CAROLINA	9,876,126	7,405,600	1,477,120	381,519	947,819	2,127,070	6,038,653	3,927,803	32,183,511	4,170	
NORTH DAKOTA	885,467	1,080,024	222,543	60,052	167,663	205,918	832,722	151,892	3,606,280	6,051	
OHIO	15,318,195	19,232,268	3,625,387	1,060,889	2,837,267	3,687,115	15,298,954	1,083,233	61,941,308	5,687	
OKLAHOMA	4,165,518	2,833,788	590,559	175,776	584,502	794,040	3,123,838	1,984,314	14,232,334	4,867	
OREGON	3,846,838	4,657,015	483,608	289,452	384,153	614,685	2,722,592	2,271,062	15,269,405	5,260	
PENNSYLVANIA	17,430,559	20,877,036	3,490,750	896,713	2,623,883	3,438,693	20,073,866	724,354	69,555,852	5,763	
RHODE ISLAND	1,630,994	1,975,031	313,274	79,140	387,360	499,656	1,462,951	100,253	6,448,659	6,153	
SOUTH CAROLINA	4,553,474	3,524,182	679,663	179,781	388,200	1,033,779	2,658,719	2,204,679	15,222,478	3,842	
SOUTH DAKOTA	1,032,399	1,170,535	235,401	75,818	108,414	226,484	837,887	84,993	3,773,731	5,278	
TENNESSEE	7,962,737	5,732,759	1,200,168	301,376	798,197	1,880,317	6,298,723	3,734,459	27,908,735	5,145	
TEXAS	28,125,731	19,868,305	3,656,095	1,227,572	2,589,258	2,986,233	18,351,490	12,106,189	88,910,873	4,987	
UTAH	1,889,913	2,662,266	194,991	141,549	152,431	404,292	919,416	1,128,669	7,493,526	4,062	
VERMONT	777,694	916,691	154,965	35,992	110,215	224,379	493,830	39,637	2,753,403	4,448	
VIRGINIA	10,235,657	8,219,198	1,503,410	380,799	1,192,047	1,351,801	6,451,550	5,029,566	34,364,026	4,724	
WASHINGTON	6,406,052	8,197,810	790,326	520,941	1,340,850	1,344,072	4,540,641	4,155,168	27,295,859	5,258	
WEST VIRGINIA	2,216,108	1,441,469	344,513	78,170	201,945	507,382	1,728,984	1,326,244	7,844,814	4,752	
WISCONSIN	6,803,691	8,886,593	1,653,258	409,690	1,109,502	1,503,550	5,868,345	733,339	26,967,987	5,567	
WYOMING	409,029	534,489	52,346	31,230	37,999	37,999	253,161	278,293	1,634,548	3,998	
TOTAL	\$385,931,868	\$412,369,109	\$63,755,912	\$22,246,107	\$62,147,543	\$77,766,646	\$328,079,658	\$124,210,355	\$1,476,507,197	\$5,515	

a/ Includes personal health expenditures and administrative costs.

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates.

Table 4

ESTIMATED NUMBER OF UNINSURED PERSONS

STATE	1980			1988			PERCENT CHANGE
	NUMBER a/ POP.	% OF STATE	RANK b/	NUMBER c/ POP.	% OF STATE	RANK b/	
ALABAMA	560,052	14.4%	9	615,680	15.1%	15	9.9%
ALASKA	54,655	13.6%	11	85,903	15.8%	13	57.2%
ARIZONA	449,151	16.5%	2	608,444	17.7%	7	35.5%
ARKANSAS	372,852	16.3%	3	519,163	21.8%	2	39.2%
CALIFORNIA	3,004,160	12.7%	14	4,737,675	17.2%	10	57.7%
COLORADO	371,701	12.9%	13	428,555	13.0%	22	15.3%
CONNECTICUT	193,401	6.2%	50	186,011	5.8%	51	-3.8%
DELAWARE	53,621	9.0%	36	65,178	10.2%	34	21.6%
DISTRICT OF COLUMBIA	97,916	15.3%	6	97,659	15.7%	14	-0.3%
FLORIDA	1,358,123	13.9%	10	2,199,960	18.4%	4	62.0%
GEORGIA	572,080	12.3%	17	788,513	12.6%	25	17.3%
HAWAII	78,539	8.1%	43	87,669	8.1%	42	11.6%
IDAHO	115,174	12.2%	18	165,419	16.4%	11	43.6%
ILLINOIS	1,078,105	9.4%	32	1,164,471	10.1%	35	8.0%
INDIANA	538,413	9.8%	30	751,116	13.6%	21	39.5%
IOWA	244,302	8.4%	41	222,017	7.9%	44	-9.1%
KANSAS	172,575	7.3%	48	257,374	10.4%	33	49.1%
KENTUCKY	328,638	9.0%	37	555,113	14.9%	16	68.9%
LOUISIANA	522,790	12.4%	16	778,919	17.3%	9	49.0%
MAINE	127,156	11.3%	22	92,123	7.8%	45	-27.6%
MARYLAND	382,164	9.1%	35	430,254	9.5%	38	12.6%
MASSACHUSETTS	493,906	8.6%	39	424,868	7.3%	48	-14.0%
MICHIGAN	604,488	6.5%	49	756,414	8.2%	41	25.1%
MINNESOTA	350,485	8.6%	40	282,003	6.6%	50	-19.5%
MISSISSIPPI	378,740	15.0%	8	472,365	17.9%	6	24.7%
MISSOURI	511,424	10.4%	26	533,342	10.5%	32	4.3%
MONTANA	120,046	15.3%	7	129,258	15.9%	12	7.7%
NEBRASKA	147,733	9.4%	33	168,268	10.5%	31	13.9%
NEVADA	92,188	11.5%	20	172,097	17.3%	8	86.7%
NEW HAMPSHIRE	70,854	7.7%	46	105,203	9.9%	36	48.5%
NEW JERSEY	688,699	9.4%	34	638,403	8.3%	40	-7.3%
NEW MEXICO	245,114	18.8%	1	345,509	22.8%	1	41.0%
NEW YORK	1,656,634	9.4%	31	2,049,755	11.5%	28	23.7%
NORTH CAROLINA	668,728	11.4%	21	883,308	13.8%	20	32.1%
NORTH DAKOTA	52,615	8.1%	45	50,447	7.5%	47	-4.1%
OHIO	872,119	8.1%	44	1,031,230	9.6%	37	18.2%
OKLAHOMA	399,994	13.2%	12	592,995	18.0%	5	48.3%
OREGON	260,217	9.9%	29	397,160	14.6%	18	52.6%
PENNSYLVANIA	981,113	8.3%	42	949,608	8.0%	43	-3.2%
RHODE ISLAND	72,422	7.6%	47	71,051	7.2%	49	-1.9%
SOUTH CAROLINA	493,006	15.8%	5	406,552	11.9%	26	-17.5%
SOUTH DAKOTA	86,842	12.6%	15	104,051	14.7%	17	19.8%
TENNESSEE	536,142	11.7%	19	687,400	14.2%	19	28.2%
TEXAS	2,270,337	16.0%	4	3,621,720	21.4%	3	59.5%
UTAH	146,561	10.0%	28	198,706	11.7%	27	35.6%
VERMONT	52,373	10.2%	27	50,256	9.2%	39	-4.0%
VIRGINIA	473,667	8.9%	38	637,029	10.8%	30	34.5%
WASHINGTON	457,440	11.1%	24	579,781	12.8%	24	26.7%
WEST VIRGINIA	217,640	11.2%	23	245,160	12.9%	23	12.6%
WISCONSIN	273,431	5.8%	51	361,781	7.6%	46	32.3%
WYOMING	50,687	10.8%	25	54,968	10.9%	29	8.4%
TOTAL	24,501,212	10.8%		31,837,904	13.1%		29.9%

a/ Based upon March 1980 Current Population Surveys (CPS) estimates adjusted to reflect changes in survey design implemented in the March 1988 CPS.

b/ Based upon percent uninsured.

c/ Based upon March 1988 CPS data.

SOURCE: Lewin/ICF estimates.

APPENDICES

TECHNICAL APPENDIX

Methodology Used to Project State Health Expenditures in 2000

By:

Lewin/ICF

a division of Health & Sciences International, Inc.



TECHNICAL APPENDIX

Methodology Used to Project State Health Expenditures in 2000

In this analysis we developed estimates of total health expenditures in each state by source of payment in 1980 and 1987. We also developed projections of future health expenditures by state in selected years under current policy and alternative health care financing scenarios. This appendix describes the methods used to develop these estimates.

A. HEALTH EXPENDITURES BY STATE

We developed estimates of health expenditures by source of payment for the 50 states and the District of Columbia in 1980 and 1986 using available data. For both years we presented estimates of the following categories of personal health care expenditures:

- Direct payments by households.
- Employer health insurance payments.
- Payments by other private sources.
- Medicare payments.
- State Medicaid expenditures.
- Federal Medicaid expenditures.
- Payments by other public sources.

State-level data on Medicare and Medicaid spending were obtained from the Health Care Financing Administration (HCFA). However, information on other health care expenditures by state and local governments is largely unavailable from existing data sources. Data on health spending by households and employers are also unavailable at the state level.

Due to the lack of state-level health expenditures data, we estimated state spending using techniques that reflect the unique socio-economic composition of the population in each state. We developed these estimates for 1980 and 1987 using the following three steps:

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- **Develop First Stage estimates.** We estimated total expenditures by source of payment based upon the socio-economic composition of the population in each state. The Lewin/ICF Health Benefits Simulation Model (HBSM) was used to estimate per-capita health spending for each source of payment by age, income, geographic region, and health insurance status. Using these per capita health spending estimates, we estimated total health spending in each state based upon state-level data on the distribution of persons by age, income, and insured status as reported in the Current Population Survey (CPS) for 1980 and 1987.
- **Adjust First Stage Estimates to Replicate Known Totals By State.** We then adjusted the first stage estimates to reflect the following known control totals for 1980 and 1987:
 - Medicare spending by state.
 - Federal Medicaid spending by state.
 - State Medicaid spending.

In addition, we adjusted total health spending to reflect HCFA estimates of relative differences in per-capita health spending by state in 1982.
- **Adjust Second Stage Estimates to Replicate HCFA Estimates of National Health Spending by Source of Payment.** The state-level health spending estimates developed in the second stage were adjusted to replicate HCFA estimates of national health spending by source of payment.

These steps were performed separately to develop estimates for 1980 and 1987.

Projections of total health spending in each state were developed for each year between 1988 and 2000 assuming current policy continues throughout this period. These projections are based upon census projections of population growth by state and HCFA projections of national health expenditures through 2000.

ADDITIONAL TABLES

Sources of Payment for Personal Health Expenditures 1980, 1990, 2000

Percentage Distribution

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 1980 a/

STATE	OUT OF POCKET b/	EMPLOYER- SPONSORED	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL
					STATE	FEDERAL			
ALABAMA	31.6 %	21.0 %	5.2 %	1.2 %	2.2 %	5.4 %	15.3 %	18.1 %	100.0 %
ALASKA	24.0	32.8	2.0	1.7	3.7	3.7	4.8	27.3	100.0
ARIZONA	25.3	30.5	3.2	1.6	0.0	0.0	14.3	25.4	100.0
ARKANSAS	30.2	19.1	4.5	1.2	3.4	6.1	15.6	16.9	100.0
CALIFORNIA	21.8	25.9	2.5	1.3	5.0	5.0	14.8	23.6	100.0
COLORADO	24.2	32.4	2.6	1.5	3.0	3.4	10.5	22.3	100.0
CONNECTICUT	28.8	34.5	6.7	1.2	5.0	5.0	17.1	1.6	100.0
DELAWARE	29.5	24.0	5.0	1.0	4.1	4.1	15.4	17.0	100.0
DISTRICT OF COLUMBIA	21.3	15.6	3.6	0.8	10.9	10.9	18.6	18.0	100.0
FLORIDA	30.0	19.0	5.1	1.0	1.8	2.5	23.0	17.6	100.0
GEORGIA	31.1	23.5	4.8	1.1	3.3	6.6	12.6	16.9	100.0
HAWAII	22.7	29.0	2.6	1.3	5.2	5.2	9.8	24.5	100.0
IDAHO	23.6	28.8	2.8	1.4	2.7	5.3	9.6	25.8	100.0
ILLINOIS	27.2	33.6	7.3	1.8	4.9	4.9	18.7	1.8	100.0
INDIANA	29.7	35.8	6.2	1.9	3.1	4.1	15.0	2.3	100.0
IOWA	28.2	33.8	6.2	1.8	3.5	4.6	16.8	3.6	100.0
KANSAS	27.0	31.9	8.2	1.7	3.9	4.4	17.7	5.2	100.0
KENTUCKY	32.0	25.0	5.5	1.1	3.3	7.0	13.5	12.7	100.0
LOUISIANA	30.3	22.3	5.0	1.0	3.4	7.4	11.9	18.8	100.0
MAINE	29.1	28.7	7.9	1.4	4.2	9.6	18.3	0.9	100.0
MARYLAND	29.3	26.2	4.8	1.1	3.7	3.7	15.9	15.2	100.0
MASSACHUSETTS	26.6	30.0	5.9	1.2	6.8	7.3	20.8	1.4	100.0
MICHIGAN	26.1	33.9	7.1	1.6	5.4	5.4	17.4	3.1	100.0
MINNESOTA	27.5	33.1	8.0	1.8	5.9	7.5	15.6	0.6	100.0
MISSISSIPPI	32.3	21.5	0.0	1.2	2.5	8.8	14.7	13.7	100.0
MISSOURI	29.2	32.5	8.6	1.9	2.4	3.6	19.6	2.0	100.0
MONTANA	23.5	27.0	2.8	1.4	3.4	6.1	10.9	25.0	100.0
NEBRASKA	29.4	33.4	8.4	1.9	3.0	4.0	16.3	3.5	100.0
NEVADA	22.8	29.4	2.6	1.4	2.6	2.6	12.7	25.9	100.0
NEW HAMPSHIRE	30.3	34.8	7.2	1.3	3.8	6.0	14.4	2.1	100.0
NEW JERSEY	27.9	34.8	6.7	1.3	5.7	5.7	16.7	1.4	100.0
NEW MEXICO	24.7	26.6	2.8	1.6	2.4	5.4	9.8	26.8	100.0
NEW YORK	24.9	27.4	5.9	1.1	10.6	10.6	18.2	1.3	100.0
NORTH CAROLINA	31.7	24.3	5.0	1.2	2.9	6.1	12.7	16.0	100.0
NORTH DAKOTA	28.6	32.2	8.8	2.0	2.7	4.3	17.4	4.3	100.0
OHIO	28.7	35.8	8.5	1.7	3.3	4.1	16.2	1.7	100.0
OKLAHOMA	36.7	21.2	5.1	1.0	3.6	6.3	15.8	16.2	100.0
OREGON	22.6	28.5	2.6	1.4	3.3	4.1	12.9	24.4	100.0
PENNSYLVANIA	28.8	32.7	7.1	1.3	4.0	4.9	19.7	1.4	100.0
RHODE ISLAND	28.0	32.0	6.4	1.1	6.2	6.5	18.2	1.6	100.0
SOUTH CAROLINA	30.1	19.9	4.3	1.1	3.5	8.6	10.5	22.0	100.0
SOUTH DAKOTA	30.8	30.3	8.9	2.4	2.7	5.9	15.1	3.9	100.0
TENNESSEE	31.5	23.7	5.2	1.1	2.7	6.2	14.4	15.2	100.0
TEXAS	32.6	23.6	4.9	1.2	3.2	4.5	14.4	15.5	100.0
UTAH	24.2	32.1	2.7	1.4	2.4	5.1	7.3	24.8	100.0
VERMONT	28.7	32.0	7.1	1.3	4.6	10.0	15.3	1.0	100.0
VIRGINIA	30.4	24.4	5.1	1.0	3.5	4.5	12.9	18.3	100.0
WASHINGTON	22.2	27.9	2.6	1.4	4.4	4.4	10.4	26.7	100.0
WEST VIRGINIA	33.5	24.1	5.5	1.1	2.1	4.4	15.4	14.0	100.0
WISCONSIN	26.1	34.2	7.6	1.5	5.7	7.9	15.9	1.0	100.0
WYOMING	23.3	32.4	2.5	1.5	2.2	2.2	9.7	26.2	100.0
TOTAL	27.4 %	28.5 %	5.6 %	1.4 %	4.6 %	5.7 %	16.2 %	10.5 %	100.0 %

a/ Includes personal health expenditures and administrative costs.

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates.

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 1990 a/

STATE	OUT OF POCKET b/	EMPLOYER-	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL
		SPONSORED			STATE	FEDERAL			
ALABAMA	29.6 %	21.1 %	4.4 %	1.1 %	1.7 %	4.5 %	20.3 %	17.4 %	100.0 %
ALASKA	26.5	34.4	2.4	1.9	4.9	4.9	6.5	16.6	100.0
ARIZONA	24.3	29.4	3.0	1.7	2.7	4.5	16.9	17.5	100.0
ARKANSAS	30.8	19.0	4.2	1.2	2.2	6.2	21.0	15.3	100.0
CALIFORNIA	24.0	30.3	2.8	1.7	4.2	4.2	17.5	15.3	100.0
COLORADO	26.1	33.2	3.3	1.7	3.8	3.8	12.0	16.1	100.0
CONNECTICUT	25.8	37.5	4.9	1.1	5.8	5.8	17.9	1.1	100.0
DELAWARE	29.4	23.6	4.5	0.9	4.3	4.3	18.9	14.2	100.0
DISTRICT OF COLUMBIA	20.5	15.4	3.2	0.7	11.7	11.7	22.1	14.7	100.0
FLORIDA	29.8	19.8	4.4	1.0	2.8	3.6	25.7	12.8	100.0
GEORGIA	29.0	22.3	4.2	0.9	3.6	7.0	16.3	16.6	100.0
HAWAII	24.9	34.5	3.5	1.7	3.6	3.6	10.6	17.3	100.0
IDAHO	25.2	30.1	3.0	1.6	2.8	6.2	13.6	17.5	100.0
ILLINOIS	26.8	33.8	5.9	1.7	4.0	4.0	22.0	1.7	100.0
INDIANA	27.4	32.3	6.6	1.6	3.9	6.6	17.8	3.6	100.0
IOWA	27.7	33.5	6.8	1.7	3.7	5.4	20.3	0.7	100.0
KANSAS	27.6	34.5	6.5	1.6	3.4	3.4	20.0	3.0	100.0
KENTUCKY	27.7	20.2	3.9	1.0	3.6	8.5	17.6	17.5	100.0
LOUISIANA	26.7	19.1	3.7	1.0	3.6	6.4	18.2	21.3	100.0
MAINE	25.7	32.8	5.6	1.1	4.8	10.6	17.1	2.3	100.0
MARYLAND	27.3	23.0	4.0	0.9	4.7	4.7	18.7	16.8	100.0
MASSACHUSETTS	24.8	34.4	4.2	1.1	6.9	6.9	20.2	1.6	100.0
MICHIGAN	25.5	33.4	5.8	1.6	4.2	5.5	21.6	2.4	100.0
MINNESOTA	27.9	36.9	6.2	1.7	6.1	7.0	13.0	1.3	100.0
MISSISSIPPI	26.5	18.3	3.8	1.1	2.4	8.8	17.8	19.3	100.0
MISSOURI	27.2	32.9	6.3	1.7	2.7	4.1	22.8	2.3	100.0
MONTANA	23.4	26.7	2.8	1.5	3.5	6.9	14.7	20.5	100.0
NEBRASKA	28.8	34.6	7.3	1.8	3.3	4.4	17.0	2.9	100.0
NEVADA	25.9	33.2	3.2	1.8	2.3	2.3	15.7	15.6	100.0
NEW HAMPSHIRE	30.2	35.4	4.8	1.5	4.3	5.3	16.4	2.1	100.0
NEW JERSEY	26.2	34.6	4.3	1.2	6.0	6.0	20.2	1.6	100.0
NEW MEXICO	25.6	26.4	3.0	1.8	3.2	7.0	12.5	20.5	100.0
NEW YORK	23.3	26.5	4.0	1.1	10.5	10.5	20.4	1.6	100.0
NORTH CAROLINA	31.0	23.3	4.6	1.1	3.1	6.9	16.0	14.0	100.0
NORTH DAKOTA	25.3	30.9	6.3	1.5	5.0	6.1	20.0	4.9	100.0
OHIO	25.6	32.2	6.1	1.6	4.6	6.4	21.5	2.1	100.0
OKLAHOMA	29.7	20.2	4.2	1.1	4.3	5.9	18.7	15.8	100.0
OREGON	25.4	30.8	3.2	1.7	2.9	4.2	15.1	17.0	100.0
PENNSYLVANIA	26.2	31.4	5.2	1.2	4.1	5.4	25.4	1.2	100.0
RHODE ISLAND	26.1	31.6	5.0	1.1	6.4	6.3	19.7	1.8	100.0
SOUTH CAROLINA	30.1	23.3	4.5	1.1	2.7	7.1	14.8	16.5	100.0
SOUTH DAKOTA	28.2	32.0	6.4	1.6	3.1	6.5	19.3	2.6	100.0
TENNESSEE	29.0	20.9	4.4	1.0	3.0	7.1	19.3	15.4	100.0
TEXAS	32.1	22.7	4.2	1.2	3.1	3.5	17.6	15.6	100.0
UTAH	25.2	35.5	2.6	1.7	2.1	5.6	10.3	17.0	100.0
VERMONT	26.9	34.1	5.8	1.2	4.3	6.7	15.5	1.7	100.0
VIRGINIA	30.1	24.1	4.4	1.0	3.6	4.1	15.9	18.7	100.0
WASHINGTON	23.6	30.2	2.9	1.7	5.1	5.1	14.1	17.3	100.0
WEST VIRGINIA	26.5	18.6	4.4	0.9	2.7	6.8	18.7	19.3	100.0
WISCONSIN	26.0	34.0	6.3	1.4	4.4	6.0	18.9	3.2	100.0
WYOMING	25.1	32.8	3.2	1.7	2.4	2.4	13.1	19.3	100.0
TOTAL	26.7 %	28.7 %	4.5 %	1.4 %	4.5 %	5.7 %	19.2 %	9.4 %	100.0 %

a/ Includes personal health expenditures and administrative costs.

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates.

ESTIMATED SOURCES OF PAYMENT FOR PERSONAL HEALTH EXPENDITURES IN THE YEAR 2000 a/

STATE	OUT OF POCKET b/	EMPLOYER- SPONSORED	NON-GROUP	OTHER PRIVATE	MEDICAID		MEDICARE	OTHER PUBLIC	TOTAL
					STATE	FEDERAL			
ALABAMA	29.1	20.8	4.3	1.2	1.6	4.2	23.7	15.1	100.0
ALASKA	26.8	34.7	2.4	2.2	4.7	4.7	7.8	16.6	100.0
ARIZONA	24.1	29.0	2.9	1.9	2.6	4.3	19.8	15.3	100.0
ARKANSAS	30.2	18.6	4.2	1.3	2.1	5.9	24.5	13.3	100.0
CALIFORNIA	23.7	29.8	2.7	1.9	4.0	4.0	20.5	13.3	100.0
COLORADO	26.0	33.1	3.3	1.9	3.6	3.6	14.3	14.2	100.0
CONNECTICUT	25.1	36.4	4.8	1.2	5.5	5.5	20.7	1.0	100.0
DELAWARE	26.9	23.2	4.5	1.0	4.0	4.0	22.0	12.3	100.0
DISTRICT OF COLUMBIA	20.1	15.1	3.2	0.8	11.1	11.1	25.8	12.7	100.0
FLORIDA	28.9	19.2	4.3	1.1	2.6	3.3	29.6	10.9	100.0
GEORGIA	28.6	22.1	4.1	1.0	3.4	6.7	19.2	14.8	100.0
HAWAII	25.0	34.5	3.5	1.9	3.5	3.7	12.6	15.3	100.0
IDAHO	25.1	29.9	3.0	1.8	2.6	6.0	18.1	15.4	100.0
ILLINOIS	25.8	32.5	5.7	1.9	3.7	3.7	25.1	1.4	100.0
INDIANA	26.6	31.4	6.4	2.0	3.7	6.2	20.6	3.1	100.0
IOWA	26.8	32.3	6.6	1.9	3.5	5.0	23.3	0.6	100.0
KANSAS	26.7	33.4	6.3	1.7	3.2	3.2	23.0	2.5	100.0
KENTUCKY	27.5	20.0	3.8	1.1	3.5	8.2	20.7	15.3	100.0
LOUISIANA	26.5	18.9	3.7	1.1	3.5	6.1	21.5	18.7	100.0
MAINE	25.0	32.0	5.5	1.2	4.5	10.0	19.9	2.0	100.0
MARYLAND	26.9	22.7	4.0	1.0	4.4	4.4	22.0	14.7	100.0
MASSACHUSETTS	24.0	33.3	4.0	1.2	6.4	6.4	23.3	1.3	100.0
MICHIGAN	24.6	32.2	5.6	1.7	3.9	5.1	24.6	2.0	100.0
MINNESOTA	27.4	36.1	6.1	1.8	5.7	6.6	15.1	1.1	100.0
MISSISSIPPI	28.2	18.1	3.8	1.2	2.3	8.4	21.0	16.9	100.0
MISSOURI	26.2	31.6	6.1	1.5	2.5	3.8	26.1	1.9	100.0
MONTANA	23.3	26.6	2.8	1.7	3.4	6.8	17.4	18.1	100.0
NEBRASKA	26.0	33.7	7.1	1.9	3.1	4.1	19.7	2.5	100.0
NEVADA	25.6	32.8	3.1	2.0	2.2	2.2	18.4	13.7	100.0
NEW HAMPSHIRE	29.4	34.5	4.7	1.6	4.1	4.9	19.0	1.8	100.0
NEW JERSEY	25.3	33.5	4.1	1.3	5.6	5.6	23.2	1.4	100.0
NEW MEXICO	25.6	26.4	3.0	2.0	3.1	6.8	14.9	18.1	100.0
NEW YORK	22.6	27.6	3.9	1.2	9.8	9.8	23.5	1.4	100.0
NORTH CAROLINA	30.7	23.0	4.6	1.2	2.9	6.6	18.8	12.2	100.0
NORTH DAKOTA	24.6	29.9	6.2	1.7	4.6	5.7	23.1	4.2	100.0
OHIO	24.7	31.0	5.9	1.7	4.3	6.0	24.7	1.7	100.0
OKLAHOMA	29.3	19.9	4.1	1.2	4.1	5.8	21.9	13.8	100.0
OREGON	25.2	30.5	3.2	1.9	2.5	4.0	17.8	14.9	100.0
PENNSYLVANIA	25.1	30.0	5.0	1.3	3.3	4.9	28.9	1.0	100.0
RHODE ISLAND	25.3	30.6	4.9	1.2	6.0	7.7	22.7	1.6	100.0
SOUTH CAROLINA	29.9	23.2	4.5	1.2	2.6	6.8	17.5	14.5	100.0
SOUTH DAKOTA	27.4	31.0	6.2	2.0	2.9	6.1	22.2	2.3	100.0
TENNESSEE	28.5	20.5	4.3	1.1	2.9	6.7	22.6	13.4	100.0
TEXAS	31.6	22.3	4.1	1.4	2.9	3.4	20.6	13.6	100.0
UTAH	25.2	35.5	2.6	1.9	2.0	5.4	12.3	15.1	100.0
VERMONT	28.2	33.3	5.6	1.3	4.0	8.1	17.9	1.4	100.0
VIRGINIA	29.8	23.9	4.4	1.1	3.5	3.9	18.8	14.6	100.0
WASHINGTON	23.5	30.0	2.9	1.9	4.9	4.9	16.6	15.2	100.0
WEST VIRGINIA	28.2	18.4	4.4	1.0	2.6	6.5	22.0	16.9	100.0
WISCONSIN	25.2	33.0	6.1	1.5	4.1	5.6	21.6	2.7	100.0
WYOMING	25.0	32.7	3.2	1.9	2.3	2.3	15.5	17.0	100.0
TOTAL	26.1	27.9	4.3	1.5	4.2	5.3	22.2	8.4	100.0

a/ Includes personal health expenditures and administrative costs.

b/ Does not include employee share of premiums for employer-sponsored insurance. These payments are included in the "Employer-Sponsored" column.

SOURCE: Lewin/ICF estimates.